



STATE OF HAWAII
STATE PUBLIC CHARTER SCHOOL COMMISSION
(‘AHA KULA HO‘ĀMANA)

GENERAL BUSINESS MEETING

**Minutes of the meeting of Thursday, June 12, 2014 and Wednesday,
June 18, 2014**

**Queen Liliuokalani Building
1390 Miller Street Honolulu, Hawaii
Fourth Floor, Room 404**

ATTENDANCE

Mitch D’Olier

Peter Hanohano (arrived at 10:40 a.m. on June 12, 2014; arrived at 2:48 p.m. on June 18, 2014)

Usha Kotner (excused on June 18, 2014)

Kalehua Krug

Curtis Muraoka (excused on June 12; left at 2:32 p.m. on June 18, 2014)

Catherine Payne (Chairperson)

Karen Street

Roger Takabayashi

Peter Tomozawa (Vice Chairperson)

ALSO PRESENT

Tom Hutton, Executive Director

Leila Shar, Financial Performance Manager

Danny Vasconcellos, Organizational Performance Specialist

I. Call to Order

Commission Chair Catherine Payne called the meeting to order at 9:36 a.m. Commission Chair Payne welcomed newest Commissioner Dr. Kalehua Krug.

II. Presentation of Certificates of Appreciation to Evaluation Team Members from the 2013 New Charter School Application Cycle

Commission Chair Payne presented certificates of appreciation to evaluation team members: Stephanie Klupinski, Jeff Poentis, Stephanie Shipton, Leila Shar, Danny Vasconcellos, and Kirsten Rogers from the 2013 new charter school application cycle.

Approved

Commission Chair Payne recognized members who were not present: Kathy Olsen, Nikki Trautman Baszynski, Ray L'Heureux, and Doug Muraoka.

III. Approval of Minutes

A. May 8, 2014 General Meeting

Motion (Takabayashi/Street) to approve the General Meeting minutes of May 8, 2014 passed unanimously.

B. May 20, 2014 General Meeting

Motion (Takabayashi/Tomozawa) to approve the General Meeting minutes of May 20, 2014 passed unanimously.

C. May 27, 2014 General Meeting

Motion (Takabayashi/D'Olier) to approve the General Meeting minutes of May 27, 2014 with amendment to page 3 to include first and second motions made by Commissioners Takabayashi and D'Olier passed unanimously.

IV. Action on Recommendation for Approval to the Educational Program, Exhibit A, for Inclusion in the Charter Contract, effective July 1, 2014, for Hakipu'u Learning Center; Halau Ku Mana Public Charter School; Innovations Public Charter School; Ka 'Umeke Kā'eo; Ka Waihona o ka Na'auao Public Charter School; Kanu o ka 'Āina New Century Public Charter School; Kanuikapono Public Charter School; Ke Ana La'ahana PCS; Ke Kula Niihau O Kekaha Learning Center; Kihei Charter School; Kona Pacific Public Charter School; Kua o ka Lā New Century Public Charter School; Kula Aupuni Niihau A Kahelani Aloha (KANAKA) A New Century Public Charter School; Lanikai Elementary Public Charter School; Laupahoehoe Community Public Charter School; Na Wai Ola (Waters Of Life) Public Charter School; SEEQS: The School for Examining Essential Questions of Sustainability; Waialae Elementary Public Charter School; and West Hawaii Explorations Academy.

Organizational Performance Specialist Danny Vasconcellos presented on the recommendation to approve nineteen charter schools' Exhibits A to be included in the charter contract, effective July 1, 2014. Vasconcellos provided a brief overview of the process and purpose of Exhibit A. Vasconcellos shared that the Commission approved thirteen charter schools at the Commission's previous general meeting and noted that two schools were not included.

Commission Chair Payne called for public testimony.

Hina Wong-Kalu, Kumu at Hālau Lōkahi Charter School ("Halau Lokahi"), provided testimony. Wong-Kalu discussed the agenda item and requested the Commission to seek an opinion from the Commission's Attorney General regarding the exclusion of Halau Lokahi Exhibit A on the proposed recommendation.

Laara Allbrett, school director of Halau Lokahi, provided testimony. Allbrett discussed Halau Lokahi's charter contract and asked for further clarification.

Commissioners discussed Wong-Kalu's testimony request. Commission Chair Payne clarified the motion is not a comprehensive list of schools as the Commission approved thirteen schools at the Commission's previous general business meeting.

Moved (Takabayashi/D'Olier) to recommend to the Commission that the Educational Program, Exhibit A, for Hakipu'u Learning Center; Halau Ku Mana Public Charter School; Innovations Public Charter School; Ka 'Umeke Kā'eo; Ka Waihona o ka Na'auao Public Charter School; Kanu o ka 'Āina New Century Public Charter School; Kanuikaponu Public Charter School; Ke Ana La'ahana PCS; Ke Kula Niihau O Kekaha Learning Center; Kihei Charter School; Kona Pacific Public Charter School; Kua o ka Lā New Century Public Charter School; Kula Aupuni Niihau A Kahelelani Aloha (KANAKA) A New Century Public Charter School; Lanikai Elementary Public Charter School; Laupahoehoe Community Public Charter School; Na Wai Ola (Waters Of Life) Public Charter School; SEEQS: The School for Examining Essential Questions of Sustainability; Waialae Elementary Public Charter School; and West Hawaii Explorations Academy be approved for inclusion in the Charter Contract, effective July 1, 2014 passed with 5 ayes (D'Olier, Payne, Street, Takabayashi, Tomozawa) and 2 abstentions (Kotner, Krug).

V. Update on Financial Review of Charter Schools' Third Quarter Financials

Financial Performance Manager Leila Shar provided an update on the financial review of the charter schools' third quarter financials. Shar shared that the report is preliminary, as assumptions were made to annualize revenues and expenses. Shar reported that overall, most charter schools are doing reasonably well, with the exception of two schools. Shar shared that one school has not submitted their financials and the other is showing signs of distress. Shar explained that the chart in Exhibit A of the submittal discussed key measures of determining financial status.

Commissioners discussed the submission deadline for the quarterly financials. Shar explained that the ratios measure an annual performance; therefore, the data is projected out for four quarters when there is only information on three quarters. Commissioners discussed the charter schools' financials further.

Commission Chair Payne called for public testimony.

Wong-Kalu, Halau Lokahi, provided testimony. Wong-Kalu discussed the financial review of the charter schools' third quarter financials.

Commissioner Vice Chair Peter Tomozawa clarified that the total margin will look negative for schools due to the formula used to project the last quarter. Commissioner Vice Chair Tomozawa shared that it is a conservative method unless schools want to provide updated, current financial information. Commissioner Tomozawa shared that

Approved

the Commission is not to judge or criticize what schools are doing but understand how the Commission can help schools become viable in the long run.

Shar updated the Commission that the remaining school has submitted their financials.

Commission Chair Payne moved up action on financial insolvency of Halau Lokahi on the agenda to allow the Commission to hear public testimony prior to entering executive session. The Commission tabled action on the agenda item until after executive session concluded.

VI. Action on Financial Insolvency of Hālau Lōkahi Charter School

Executive Director Tom Hutton provided a summary of the recent Halau Lokahi events that emerged over the last month. Shar provided a summary of Halau Lokahi's financial situation, timeline of events, and communication with the school.

Shar presented the staff's review of the financial information and the action plan submitted by the school. Shar provided an analysis forecasting the per-pupil funding on a low, medium, and high enrollment. Shar shared that the forecast does not include other revenues outside of the per-pupil funds. Commissioners discussed FICA reimbursement and staff's analysis. Shar shared that not all of the financial information requested was submitted by Halau Lokahi.

Hutton shared that the offer for Halau Lokahi's new charter contract, effective July 1, 2014 was revoked, pending Commission discussions. He related that the school had been issued a Notice of Deficiency. Hutton discussed the status of the employees of Halau Lokahi.

Commission Chair Payne called for public testimony.

Wil Okabe, President of Hawaii State Teachers Association ("HSTA"), provided testimony. Okabe shared information on HSTA's involvement with Halau Lokahi's financial situation. Okabe shared concerns regarding teachers' pay and HSTA dues, and also concerns for the parents and students of Halau Lokahi. Okabe shared HSTA's next steps.

June Nagasawa, Chair of Halau Lokahi's governing board, provided testimony. Nagasawa shared the importance and impact of Halau Lokahi and that the school will continue to touch lives of the children and families that they serve with great aloha.

Wong-Kalu, Kumu at Halau Lokahi, provided testimony. Wong-Kalu shared support to Halau Lokahi and administration. Wong-Kalu discussed the agenda item, HSTA, per-pupil funding, and media.

Laara Allbrett, School Director at Halau Lokahi provided testimony. Allbrett discussed Halau Lokahi's financial situation, per-pupil funding, limited staff positions, and lunch program. Allbrett discussed the Commission's timeline in completing requests, the history, start-up and importance of Halau Lokahi.

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Tiane McNeil, alumni and teacher at Halau Lokahi, provided testimony. McNeil discussed student enrollment and Commission staff's analysis omitting OHA and Kamehameha Schools funding. McNeil shared that teachers were aware of the situation and shared the teachings of Halau Lokahi.

Pono Kealoha, Halau Lokahi supporter, provided testimony. Kealoha shared how important Halau Lokahi is to his ohana and his children's experience at Halau Lokahi. Kealoha shared the different ways Halau Lokahi teaches.

Tane Inciona, Halau Lokahi supporter, provided testimony. Inciona shared the financial difference between charter schools and DOE public schools funding, discussed the school's requests for funding from Kamehameha Schools and OHA, media coverage, and that Halau Lokahi is innovative and discussed the success of their students.

Kalani Kalima, Kumu at Halau Lokahi, provided testimony. Kalima shared the history and development of Halau Lokahi during the early years, the reasons he joined to create a charter school, and that staff are committed to make the change.

Dolly Tatofi, Halau Lokahi supporter, provided testimony. Tatofi shared her feelings of the current situation, her hope that the Commission feels what the testifiers are presenting, requested humbly to keep the school open.

Taffi Wise, Kanu o ka 'Āina Learning 'Ōhana ("KALO"), provided testimony. Wise explained that Kalo is a non-profit organization that has supported the charter movement since 2000. Wise shared that KALO facilitates the OHA funds for the Hawaiian-focused schools on a per-pupil basis and provided funding statistics of OHA and an unnamed *alii* trust.

Monica Morris, Office of Hawaiian Affairs, provided testimony. Morris highlighted her written testimony. Morris shared that Halau Lokahi is an outstanding school, and offers a culturally significant education which OHA supports. Morris discussed the per-pupil funding, facilities funding, and federal funding. Morris urged Commissioners to look at the corrective action plan to assist the school.

Micah Anderson Akana, Kumu at Halau Lokahi, provided testimony. Akana shared her support of Halau Lokahi, expressed the need to come together and shared her feelings about the Executive Director.

Craig Kina, parent of Halau Lokahi, provided testimony. Kina shared how Halau Lokahi has worked for his children and asked the Commission to help the school to remain open and succeed.

Hinano Paia, student at Halau Lokahi, provided testimony. Paia shared how important Halau Lokahi is to him, that shutting down the school is not a great idea and shared what Halau Lokahi has taught him.

Approved

Kuhio Lewis, Makua at Halau Lokahi, provided testimony. Lewis shared how important Halau Lokahi is to his family, that the opportunities are to be cherished and supported, and that shutting down the school should not be an option.

Grayson Kauwe, alumni of Halau Lokahi, provided testimony. Kauwe shared his experience and importance of what Halau Lokahi did for him.

Junior Coleman, Kumu at Halau Lokahi, provided testimony. Coleman shared the importance of Halau Lokahi, advised Commissioners to think before acting and asked Commissioners to not shut the school down.

Maunalei Love, former Executive Director of Charter School Administrative Office (“CSAO”), provided testimony. Love discussed charter school funding, operations costs, and facilities. Love shared CSAO’s experience with school closure and legal parameters. Love shared that this not the only charter school with financial challenges. Love asked Commissioners about their role and shared her belief that if steps are developed to support the school, it will turn around.

Kilinahe Nahoi, Halau Lokahi, provided testimony. Nahoi shared that Halau Lokahi is for students to learn outside the box and the importance for students to learn their culture. Nahoi shared the negative impact of shutting down the school and asked Commissioners to find a way to make it work.

Adeline Keama, Halau Lokahi, provided testimony. Keama shared her family’s experience with Halau Lokahi and the importance of Halau Lokahi.

John Thatcher, Principal of Connections Public Charter School, provided testimony. Thatcher thanked the community for supporting Halau Lokahi and shared his feelings about the communication to the media. Thatcher discussed the per-pupil funding and struggles of charter schools. Thatcher asked the Commission to be thoughtful. Thatcher also discussed federal Impact Aid funds.

Quinn Makinano, parent of Halau Lokahi, provided testimony. Makinano shared how important Halau Lokahi is to her and her family and her child’s success at Halau Lokahi. Makinano asked if there is any way to figure out the financial situation.

Commission Chair Payne recognized written testimony submitted by: OHA, Erica Cagney Duffy, Norman Miyasato, Milton Coleman, Adeline Keama, Oriana Coleman, Calle Allbrett, Kehaulani Pi’iohia, Judy Chun, Kari Kalima, Kristen Kalilikane-Lau, Laara Allbrett, Somerlyn “Wai” Betonio, Ann Dugdale Hansen, Casina Keli’ipuhipaka Waterman, Darrell Keama, Flo Kalawa Tabag, Glenn Keala Foster Tisalona, Jessica Corpus, Nicole Tortora Lopez, Larry and Cindy Holcomb, Ilima Ho-Lastimosa, Desilyn Sabrina H. Tabag-Pichay, Keiki Kalima, Hinano Paia, Joy Horcajo, Anonymous, Kaonohiokala Kalima, Kathy Costa, Heather Kina, Lokelani, Luwella Leonardi, Mayumi Miyataki, Patrick Costa Sr, Jonathan and April Ramos, Anonymous, Roxanne L. Book, Dolly Malia Isaia Tatofi, Wanda Atkins, and Tehani Jose-King.

Approved

Commissioners asked Wise to elaborate on the funds discussed in her testimony. Wise elaborated on the OHA funds, fringe, and collective bargaining. Commissioners asked Morris the status of OHA's support. Morris discussed OHA's funding process and timeline. Commissioners asked Allbrett what the expectations were for enrollment, the school's willingness to address the shortfall on revenue, and asked her to elaborate on the request to OHA. Allbrett shared the request to OHA was for \$360,000. Allbrett discussed the unnamed *alii* trust. Commissioners discussed the communication between Halau Lokahi and Commission. Allbrett shared that the school has an action plan to present to the Commission. Commissioners asked Allbrett to elaborate on how they got to this point and the communication with faculty and staff. Allbrett shared that the school looked at everything carefully every month, discussed the actions Halau Lokahi took to help resolve the situation, and communicated with faculty and staff. Allbrett discussed a funder who pulled out last minute. Commissioners asked Allbrett about the school's obligations to ERS, HSTA, and other organizations. Allbrett stated all expenses have been taken out. Allbrett elaborated on the drop in student enrollment.

Motion (D'Olier/Tomozawa) to postpone the action till after executive session passed unanimously.

Motion (Takabayashi/D'Olier) to move into executive session passed unanimously at 1:17 p.m.

VII. EXECUTIVE SESSION

Commission Chair Payne shared that the Commission will vote on entering executive session to discuss matters relating to the Facilities Pilot Program and Federal Impact Aid Funds; the Financial Insolvency of Hālau Lōkahi Charter School; and to consult with its Deputy Attorney General on the Commission's powers, duties, privileges, immunities, and liabilities.

This portion of the meeting is a closed meeting under Section 92-4 and Section 92-5(4), Hawaii Revised Statutes

- A. Facilities Pilot Program and Federal Impact Aid Funds
- B. Financial Insolvency of Hālau Lōkahi Charter School
- C. Consultation with Deputy Attorney General on Commission's Powers, Duties, Privileges, Immunities, and Liabilities

Motion (Takabayashi/D'Olier) to exit executive session passed unanimously at 2:37 p.m. on June 12, 2014.

Motion (D'Olier/Takabayashi) to postpone consideration on the financial insolvency of Hālau Lōkahi Charter School and request Hālau Lōkahi Charter School to submit the Commission staff an updated financial plan no later than Friday, June 13, 2014 at 5:00 p.m. passed unanimously.

Approved

Commission Chair Payne shared that in executive session, the Commission consulted with their Deputy Attorney General on the Commission's powers, duties, responsibilities relating to the facilities pilot program, federal impact, and financial insolvency of Halau Lokahi Charter School.

Commission Chair Payne announced the meeting will continue on Wednesday, June 18, 2014 at 12 p.m. in the Queen Liliuokalani Building, Room 404.

Motion (Takabayashi/D'Olier) to recess meeting till Wednesday, June 18, 2014 at 12:00 p.m. in the Queen Liliuokalani Building, Room 404 passed unanimously.

Commission Chair Payne recessed at 2:43 p.m.

Commission Chair Payne reconvened at 12:00 p.m. on Wednesday, June 18, 2014.

Commission Chair Payne shared that before going back into executive session, Commissioners would receive any new testimony on action of financial insolvency of Halau Lokahi. Commission Chair Payne provided a recap of the last meeting, during which Commission requested Halau Lokahi to submit an updated financial plan no later than Friday, June 13, 2014, at 5:00 p.m.

Shar presented on the two plans, Plans A and B, that were submitted by Halau Lokahi. Shar shared that the major assumption of the two plans submitted was that the shortfall would be zero. Shar shared staff received an additional plan, Plan C, which was submitted on Tuesday, June 17, 2014. Shar discussed Plan C. Shar noted that staff was still waiting for basic payables and listings from the school requested three weeks prior. Commissioners discussed the plans and enrollment counts.

Commission Chair Payne called for public testimony. No public testimony was provided. Commission Chair Payne recognized written testimony submitted by Charlotte K. Needham, Pono Kealoha, Dean Hamer, Katie Benioni, and Kaiulani Pahio. Commission Chair Payne allowed late testimony.

Kamanaha Kealoha, community member, provided testimony. Kealoha shared the importance of Halau Lokahi, discussed the state's debt and asked the Commissioners to consider those things when making a decision.

Commission Chair Payne called on school representatives to answer Commissioners' questions. Commissioners discussed the financial situation with Allbrett and Eloy Villaboy. Discussion included school's budget, rent, financial plans, student enrollment, historic financial shortfalls, private funders, fundraisers, online program, staffing, per-pupil funding, and the status of the school's request for OHA funding.

OHA representatives Sterling Wong and Jocelyn Doane shared OHA's support for Hawaiian-focused charter schools. Wong shared that OHA had received a formal written request from the school the day before. Wong shared that currently OHA did not have enough information to provide a recommendation to its board or to place the school's request on its agenda. Wong shared OHA's next steps in response to the formal

Approved

written request. Doane shared the agenda timeline, fiscal year information, and necessary documents required. Doane discussed the loan request, and noted that OHA does not provide loans other than an established program.

Motion (D'Olier/Takabayashi) to postpone action on financial insolvency of Hālau Lōkahi Charter School until Commission returns from executive session passed unanimously.

VIII. Action on Facilities Pilot Program and Federal Impact Aid Funds

Commission Chair Payne called for public testimony prior to entering executive session. Commissioner Curtis Muraoka recused himself from discussion.

Taffi Wise, Kanu 'o Ka 'Āina New Century Public Charter School ("KANU") provided testimony. Wise shared that federal Impact Aid should be released per student on an unrestricted basis. Wise discussed the target allocation and negative impact it had on KANU and discussed a second allocation of Impact Aid held within the DOE.

Motion (Takabayashi/D'Olier) to postpone action on facilities pilot program and federal Impact Aid funds until Commission returns from executive session passed with 6 ayes (D'Olier, Krug, Payne, Street, Takabayashi, Tomozawa) and 1 recused (Muraoka).

Motion (Takabayashi/D'Olier) to move into executive session passed unanimously at 1:24 p.m.

This portion of the meeting is a closed meeting under Section 92-4 and Section 92-5(4), Hawaii Revised Statutes

- A. Facilities Pilot Program and Federal Impact Aid Funds
- B. Financial Insolvency of Hālau Lōkahi Charter School
- C. Consultation with Deputy Attorney General on Commission's Powers, Duties, Privileges, Immunities, and Liabilities

Motion (Takabayashi/D'Olier) to exit executive session passed unanimously at 3:50 p.m.

Commission Chair Payne shared in executive session the Commission consulted with their Deputy Attorney General on the Commission's powers, duties, responsibilities relating to the facilities pilot program, federal Impact Aid, and financial insolvency of Halau Lokahi.

Commission Chair Payne shared the motion discussed during executive session on the financial insolvency of Halau Lokahi.

Motion (Takabayashi/D'Olier) to:

- 1. Direct Commission staff to inspect all school records relating to Hālau Lōkahi Charter School's financial insolvency and report its findings to the Commission, and direct Hālau Lōkahi Charter School's governing board and staff to cooperate with Commission staff in accordance with Sections 12.3 and 12.4 of the State Public Charter School Contract, effective July 1, 2013 ("Original Charter Contract");**
- 2. Approve an addendum to the State Public Charter School Contract, effective July 1, 2014 ("New Charter Contract") to read:**

"The Parties agree that the following special conditions shall be integrated into the State Public Charter Contract between the State Public Charter School Commission ("Commission") and Halau Lokahi Charter School ("School") as if they were recited therein:

- The current governing board shall amend its bylaws to remove any restrictions on membership on the governing board that would restrict the Commission's discretion to appoint the new governing board members of its choosing, and the current governing board shall deliver the amended and approved bylaws to the Commission together with this executed Contract - it is understood that this will be done after consultation with the school community;**
- In conjunction with the execution of this Contract, all of the School's current governing board members shall tender their resignations and knowingly forfeit any authority over the School and its operations, to be effective upon the Commission's appointment of a new governing board for the School;**
- The School consents to the Commission's appointment of a new governing board, whose members shall be responsible for the organization and management of the School;**
- The current governing board shall obtain the resignation of the current school director, to be effective upon the appointment of the Commission's appointment of a new governing board for the School; and**
- The current governing board commits to implementing, at a minimum, the financial plan attached to this addendum, which was the plan (assuming a student enrollment of 225 students) submitted by the School at the Commission's June 18, 2014 General Business Meeting and which called for existing debts to be paid off for the 2014-15 school year."**

("Governing Board Addendum") and approve delegation of authority to the Commission's Executive Director to make technical, non-substantive changes to the Governing Board Addendum as necessary.

3. **Offer the New Charter Contract with the Governing Board Addendum to Hālau Lōkahi Charter School, with the intent that the Commission will approve the school's Exhibit A, Educational Program at a Commission meeting to be held on June 26, 2014.**
4. **Grant the governing board of Hālau Lōkahi Charter School a waiver from Hawaii Revised Statutes, Section 302D-12(e)(1)(B), which requires governing boards to make the notices and agendas of public meetings available on the school's website and authorizer's website not less than six calendar days prior to the public meeting, to afford the school's governing board greater flexibility in scheduling a meeting to review and take action on the Commission's offer of the New Charter Contract and Governing Board Addendum and to amend the school's bylaws.**
5. **Delegate authority to the State Public Charter School Commission's Executive Director to execute the New Charter Contract with the Governing Board Addendum on behalf of the Commission.**
6. **Note that under legislation expected to be signed by the Governor and be effective as of July 1, 2014, if the New Charter Contract with the Governing Board Addendum is not fully executed by June 30, 2014, Hālau Lōkahi Charter School will legally cease to be a public charter school, and direct staff under that circumstance to immediately commence closure of the school passed unanimously.**

IX. Action on Facilities Pilot Program and Federal Impact Aid Funds

Hutton provided a recap on the facilities pilot program and federal Impact Aid funds. Hutton shared the first recommended motion on the facilities pilot program and noted that Commission staff will return to present the allocation of federal Impact Aid funds.

Motion (Takabayashi/D'Olier) to postpone the facilities pilot program until such time that the Commission determines that it is prudent to further develop and implement the facilities pilot program, and subject to the future availability of new funding passed unanimously.

X. Presentation of Executive Director's Report

A. Update on Charter Schools' Notices of Deficiency

Refer to Executive Director's Report for report.

XI. Future Commission Meetings and Agenda Items

Wise, Kanu 'o Ka 'Āina New Century Public Charter School, provided testimony. Wise referred to her written testimony.

Approved

Commission Chair Payne shared that they will forward to staff for further consideration. The Applications Committee was scheduled for Thursday, June 26, 2014 at 10:30 a.m. and the General Business meeting was scheduled for 1:00 p.m. in the Queen Liliuokalani Building, room 404.

XII. Adjournment

Commission Chair Payne adjourned the meeting at 4:03 p.m. on June 18, 2014.